



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **18 VAC 10-20 – Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects Regulations Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects**

June 8, 2011

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### **Summary of the Proposed Amendments to Regulation**

The Board for Architects, Professional Engineers, Land Surveyors, Certified Interior Designers and Landscape Architects (the Board) proposes to 1) reduce from three to two years the experience requirement for surveyor-in-training designation applicants who have a Board-approved undergraduate degree in a field unrelated to surveying, 2) withhold renewal, reinstatement, examination, or other services for regulants who fail to pay penalties or other fees owed to the Board resulting from a consent or final order, 3) remove the amount of the duplicate wall certificate fee from the regulations so that it could be updated without having to go through the regulatory review process, 4) require applicants for professional engineer license, land surveyor license, engineer-in-training designation, and surveyor-in-training designation, who do not pass the exam within three years from their approval, to demonstrate proof of educational activities to be eligible for the exam once again, 5) require that the references for architects, engineers, and landscape architects license applicants be someone who has known the applicant within the last five years, 6) add new language addressing the requirements for those applicants licensed in other states before, during, and after the Board's period for grandfathering, and 7) eliminate duplicative language, clarify existing requirements, update citations, and improve clarity by reorganizing several sections of regulatory text.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

## Estimated Economic Impact

This regulatory action results from a general review of the regulation and is designed to be a comprehensive overhaul that eliminates duplicative language, clarifies existing requirements, updates citations, and improves clarity by reorganizing several sections of regulatory text. While many of the changes are technical in nature and are not expected to produce significant economic effects, several of the proposed changes are substantive.

One of the proposed changes will reduce from three to two years the experience requirement for surveyor-in-training designation applicants who have a Board-approved undergraduate degree in a field unrelated to surveying. Currently, someone with a four year related degree only needs one year experience for a total of five years combined education and experience and someone with a related associate degree needs four years of experience for a total of six years. Under the current rules, someone with an unrelated undergraduate degree must have three years of experience for a total of seven years which is one more year than the requirements for someone with an associate degree. According to the Department of Professional and Occupational Regulation (DPOR), looking at the combined total of education and experience, the Board believes that three years of experience is excessive for someone with an unrelated undergraduate degree.

The main benefit of the change will accrue to the individuals who are applying for surveyor-in-training designation with a Board-approved undergraduate degree in a field unrelated to surveying. However, DPOR does not have a mechanism for tracking how many people may be affected by this particular change. Under the proposed regulations, affected individuals will be eligible for surveyor-in-training designation one year earlier than it would have otherwise been. Thus, if the designation allows someone to earn higher income compared to someone without the designation, affected individuals are expected to enjoy higher income for an additional year than they otherwise would.

In addition, the Board proposes to withhold renewal, reinstatement, examination, or other services for regulants who fail to pay penalties or other fees owed to the Board resulting from a consent or final order. Since the beginning of 2009, the Board has imposed a total of \$35,200 in monetary penalties and administrative costs in 34 cases. The main benefit of this change is to ensure that regulants maintain compliance with the consent and final orders before being

authorized any further regulatory status by the Board through renewal, reinstatement, examination, or other services. The main cost is to put the regulant in a situation that either he does not operate or operates without a current license, certificate, or registration.

Another proposed change will remove the amount of the duplicate wall certificate fee from the regulations so that it could be updated without having to go through the regulatory review process when DPOR amends the amount of this fee. Unlike the other fees the Board assesses, the duplicate wall certificate fee is a department-wide service fee and established by DPOR for all of the Boards under its jurisdiction. This fee was increased to \$35 from \$25 in 2009 by DPOR, but the Board could not implement this change at that time because the regulations contained the amount as \$25. The Board proposes to replace the amount \$25 with the “department fee” so that it could be updated automatically whenever DPOR amends the amount of this fee.

Since the current department-wide fee is \$35, regulants will pay an additional \$10 for duplicate wall certificates. DPOR estimates that duplicative wall certificates are requested less than 25 times in a year. Thus, this proposed change is expected to increase Board’s revenues up to \$250 annually. This change will help the Board maintain its revenues timely and automatically at a level commensurate with its administrative costs associated with issuance of duplicate wall certificates.

In addition, the proposed changes will require applicants for professional engineer license, land surveyor license, engineer-in-training designation, and surveyor-in-training designation, who do not pass the exam within three years from their approval, to demonstrate proof of educational activities to be eligible for the exam once again. According to DPOR, the contents of these exams are protected. The intent of this requirement is to protect the integrity of the national exam by preventing individuals from continuously sitting for the exam merely in an effort to copy exam questions and answers for unlawful distribution to future exam candidates.

According to DPOR, any educational activity related to the profession would be acceptable. These educational activities are available for free from some sources or may cost up to several hundred dollars from some providers.

Moreover, the proposed changes will require that the references for architects, engineers, and landscape architects license applicants be someone who has known the applicant within the

last five years. According to DPOR, a friend, colleague, professor, or other person, serving as a reference from more than five years ago, is less likely to be knowledgeable of an applicant's present day character. A more recent reference is expected to give a more accurate depiction of an applicant's current character. On the other hand, this requirement will reduce the pool of potential references to the people who have known the applicant within the last five years and may add to the administrative costs of the overall application process.

Pursuant to Chapters 359 and 440 of the 2005 Acts of Assembly, the Board also proposes to add new language addressing the requirements for those applicants licensed in other states before, during, and after the Board's period for grandfathering. The Board's rule is that applicants for licensure by comity meet the criteria that were in effect in Virginia at the time the other state has issued a license to the applicant. Prior to December 1, 2009, applicants for surveyor photogrammetrist were required to have 8 years of combined education and experience. After December 1, 2009, combined years of education and experience have been reduced to 5-7 years. Since this change has already been in effect, no significant economic effect is expected upon promulgation of these proposed changes.

Finally, remaining changes eliminate duplicative language, clarify existing requirements, update citations, and improve clarity by reorganizing several sections of regulatory text. None of these changes are expected to create significant economic impacts other than improving the clarity of the regulations.

## **Businesses and Entities Affected**

There are approximately 3,300 businesses and 36,000 individuals are regulated under these regulations.

## **Localities Particularly Affected**

The proposed regulations apply throughout the Commonwealth.

## **Projected Impact on Employment**

Reducing the experience requirement for some surveyor-in-training designation applicants is expected to increase the supply of professionals with the designation and decrease the supply of professionals without the designation. However, this change is unlikely to have a significant impact on current employment level.

## **Effects on the Use and Value of Private Property**

The proposed changes are not expected to have a significant effect on the use and value of private property.

## **Small Businesses: Costs and Other Effects**

According to DPOR, most, if not all of the affected businesses may be considered as small businesses. Thus, the cost and other effects of the proposed changes on small businesses are the same as discussed above. Reducing the experience requirement for some surveyor-in-training designation applicants are expected to benefit regulants while other changes (i.e. withholding certain services to regulants who owe fees to the board, increasing the amount of the fee for wall certificates, requiring proof of educational activities under certain circumstances, and requiring more recent contact with references) are expected to add to the compliance costs.

## **Small Businesses: Alternative Method that Minimizes Adverse Impact**

There is no known alternative method that minimizes the adverse impact on small businesses while accomplishing the same goals.

## **Real Estate Development Costs**

The proposed changes are not expected to have a significant effect on the real estate development costs.

## **Legal Mandate**

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other

administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.